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The University of Maine Pulp and Paper Foundation Annual Report 2012

The University of Maine Pulp and Paper Foundation

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REPORT OF THE CHAIRMAN AND PRESIDENT

The past year was vibrant and productive with many changes in Foundation activity driven by Foundation volunteers. We began the year with industry representatives choosing 21 scholarship students who entered our University in the fall. Applications to our programs continue to come in at record levels. This year's Consider Engineering program was one of the most successful in recent years with outstanding feedback from students and parents alike. 102 students were selected from a record number of 182 applicants to attend the 2012 Consider Engineering program.

Some key events in 2012 were:

There were four meetings held by the Strategic Planning Committee which was appointed by the Executive Committee. The result at year end was a new Strategic Plan that will modernize, simplify and streamline the Foundation, and take us successfully into the future. Some of the changes involve a clear focus on engineering and a shift away from forestry since many of the mills have divested forestlands. We have clarified our mission and goals, and aligned strategies and committees with each goal. Please see our website for a summary of the updated strategy, as well as a lined out version of the updated bylaws – your feedback is welcome.

Our Scholarship Committee revised the Foundation's Scholarship to one that will still attract top talent, but will reduce our overall spend by \$50,000 per year over the next three years. This committee did outstanding work through student interviews and using a decision matrix to help decide on the best alternative. The new process will also simplify Pulp & Paper Foundation office paperwork. The updated scholarship can be found on our web site at www.maineulpaper.org.

Our Investment Management Committee evaluated 4 separate investment advisors and ultimately elected to move our liquid funds to Vanguard. This will result in annual savings in fees of more than \$70,000 per year. We will continue to hold approximately \$1,000,000 of funds in alternate investments at Commonfund.

Paper Days 2012 was an outstanding event with a keynote address by former scholarship recipient Mark Cross, Senior Vice President for MeadWestvaco. Mark's graduation style presentation, reminding us to make each day our masterpiece, in addition to great presentations and camaraderie, made for a great event with a record crowd of more than 330 in attendance.

In September we began a closer relationship with the University, becoming an agent of the University in addition to being an affiliate. As a result we will share ½ of a senior development officer with the College of Engineering, and have access to the University's giving software. The availability of new software is timely as we are seeing deterioration of our current 30 year old software called GIFT.

We welcomed Mike Higgins aboard as our new development officer. Mike has been busy visiting mills and becoming familiar with our industry. We look forward to increased scholarship and student support with Mike's arrival.

Again our scholarships spend was stable at \$742,000. The quality of our students continues to be very high, with many electing to accept employment in the paper industry. In 2012, we awarded a total of 83 scholarships.

After spending significant time developing updated goals and new strategies over the past year, we will need to now focus on implementation. As Barbara moves off the Executive Committee and becomes Chair Ex-Officio, and as John moves on to become Chairman, we would like to thank the more than 80 volunteers of the UMaine Pulp & Paper Foundation who do much of the work, and ultimately make the support of our students possible. We are very pleased that John Donahue of Sappi will take over as the next leader and President of our organization, and we wish him the very best and support in his new role.

Chairman, Barbara Kerr Hamilton

President, John Wolanski



The University of Maine Pulp & Paper Foundation Board of Directors pose for a group photo at Paper Days 2012.

NOMINATING COMMITTEE

Officers for 2012-2013

Chairman	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
President	John A. Donahue	Vice President Manufacturing Sappi Fine Paper North America
Vice President	Donna Cassese	Managing Director, Westbrook Mill Sappi Fine Paper North America
Vice President	Mark S. Cross	Senior Vice President MeadWestvaco Corporation
Vice President	Jeffrey Hamilton	Mill Manager, Wisconsin Rapids Mill NewPage Corporation
Vice President	Nicholas Hart	UMaine Chemical Engineering Student
Vice President	Raymond J. Heuchling	President Heuchling Group, Inc.
Vice President	Morgan Hill	UMaine Chemical Engineering Student
Vice President	Theodore D. Kennedy	Director New Product Commercialization & Trial Mgmt. Georgia-Pacific Corporation
Vice President	Marco L'Italien	Mill Manager Lincoln Paper & Tissue, LLC
Vice President	Craig Martin	North American Sales Director Styron, LLC
Vice President	Greg Radney	Director Northern & Western Regions Metso Automation
Secretary	Dennis Castonguay	Manufacturing Support Manager Verso Paper
Treasurer	David M. Colter	President GAC Chemical Corporation
Executive Director Assistant Secretary Assistant Treasurer	Jack Healy	University of Maine Pulp and Paper Foundation
Ex-Officio	Barbara Kerr Hamilton	Senior Consultant Industrial Energy Emerson Process Management
Counsel	Theodore S. Curtis, Jr.	Curtis Law Firm, LLC

Directors at Large

2011-2014

Lee Cyr	Manager-Customer Service, Production Planning Twin Rivers Paper
Luke Czarnecki	National Sales Manager Bercen Inc.
John Desjardins	New England Sales Manager Buckman
Michael Reider	Vice President Twin Rivers Paper
Tom Ramundo	President New England Controls Inc.

2012-2015

Richard Arnold	President Old Town Fuel & Fiber
Marco L'Italien	Mill Manager Lincoln Paper & Tissue, LLC
Jeffrey Lancaster	Senior Process Engineer AMEC
Mark Wescott	General Manager North America Ashland Hercules Water Technology
Vaughn Wildfong	Vice President PaperChina

2013-2016

Bruce Baker	Corporate Account Manager ABB Inc.
Brad G. Bingham	District Sales Manager - Northeast SCA North America
Keith Meyer	Senior Vice President Andritz Inc.
Tony Newman	Plant Manager Cascades Auburn Fiber
Jim Prendergast	NA Paper Segment Lead DuPont Titanium Technologies

Standing Committee Chairs

Executive	John Donahue	Vice President Manufacturing Sappi Fine Paper North America
Audit	William F. Igoe, Jr.	Technical Manager Gorham Paper & Tissue
Gifts and Bequests	Keith A. Meyer	Senior Vice President Andritz
	Michael D. Higgins	Senior Development Officer University of Maine Pulp & Paper Fdn.
Honor Award	Donald F. Beaumont	Senior Vice President Metso Paper USA
Investment Management	Ralph C. Keef	Retired Stora Enso North America
Membership	Jef Howell	Purchasing Manager Verso Paper
Nominating	Donald F. Beaumont	Senior Vice President Metso Paper USA Inc.
Open House	Albert B. Moore	Retired Buckman
Public Relations	Louis J. Boos	President Nordic Engineering
Scholarship/ Educational Relations	Lee A. Marshall	Technical Manager Sappi Fine Paper North America
Strategic Planning Committee (2012-2013)	Barbara Kerr Hamilton	Senior Consultant, Industrial Energy Emerson Process Management
	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
University Support	Jeffrey Hamilton	Mil Manager, Wisconsin Rapids Mill NewPage Corporation

Ex Officio Directors

Norman L. Fournier	Trustee The University of Maine System
Paul W. Ferguson	President The University of Maine
Dana N. Humphrey	Dean College of Engineering The University of Maine
Hemant P. Pendse	Chair Chemical & Biological Engineering The University of Maine

INVESTMENT MANAGEMENT COMMITTEE

The Investment Management Committee invests all funds available for investment to earn a total return that provides for both current income and long-term appreciation. As with other trustees we have a duty to provide similar benefits to current and future beneficiaries. To that end our spending policy has been set at 5% of a three-year average of our investment's value. Many foundations are adjusting their spend rate to better match economic conditions and expected investment returns. Our committee has elected to reduce our spend rate to 4.75%. Further adjustments down may be required; however, the committee would prefer to review returns over the next several years prior to making any further or significant reductions.

In an effort to reduce the volatility of our investments, and to also increase our total return, our investments are spread over several asset classes, which are not historically closely correlated. Our funds include bonds, equities, and a small proportion of illiquid assets as private capital funds. Our funds were managed by the Commonfund during 2012. They make strategic asset allocations within the parameters established by our committee as detailed below.

During 2012, our committee met in May and October. The committee established a sub-committee to evaluate investment advisors. After evaluating written proposals and hearing presentations from two of the advisors, Vanguard was chosen as the investment advisor. 90% of our liquid funds were transferred at year-end, and the remaining 10% were transferred to Vanguard on January 15th, 2013. The Vanguard portfolio depends less on bonds and more on equities than have prior portfolios.

The Foundation's 2012 total return from investments was 12.26% vs. a benchmark of 11.29%, which consists of 60% S&P 500 and 40% Barclays Capital U.S. Aggregate Bond Index. Our total investments with Commonfund have continued to underperform the benchmark for the three, and five year time frames, only beating performance in the 10 year time frame by 50 basis points.

Our current illiquid assets will remain with Commonfund as those investments are encumbered by long-term commitments. Our real estate investments have continued to recover to a small degree. The Foundation received \$87,000 in cash from the Commonfund Real Estate Fund in December, and we expect that this fund will be liquidated within 1-2 years. \$105,000 of our investments remains in this fund. Capital commitments to Commonfund Alternate Investments remain at approximately \$465,000.

The committee and sub-committee worked diligently in 2012 to identify the best asset manager to increase the value of our funds, while assuring those funds are stable and available for current use. We are confident that our choice of Vanguard will benefit current and future beneficiaries.

Ralph C. Keef, Chair

Distribution of Funds in the Custody of the Investment Management Committee 2012

Market Value	As of 31-Dec 2011	(%)	As of 31-Dec 2012	(%)
Multi Strategy Bond Fund	\$6,759,275	37.9%	\$6,489,726	34.1%
Multi Strategy Equity Fund	\$10,145,100	56.8%	\$11,328,843	59.6%
Vanguard Endowed	\$0	0.0%	\$180,000	0.9%
Short Term Fund	\$0	0.0%	\$0	0.0%
Total Liquid Assets	16,904,375	94.7%	17,998,569	94.6%
Private Equity III	\$21,349	0.1%	\$13,194	0.1%
Realty Investors LLC*	\$156,533	0.9%	\$105,384	0.6%
Capital Partners 1999	\$60,485	0.3%	\$49,469	0.3%
Energy Partners III	\$61,336	0.3%	\$59,732	0.3%
Capital Partners IV	\$631,572	3.5%	\$767,759	4.0%
Venture Partners III	\$13,720	0.1%	\$10,706	0.1%
Capital Partners V	\$7,605	0.0%	\$15,215	0.1%
Total Non-Liquid Assets	\$952,600	5.3%	\$1,021,459	5.4%
Total Invested Assets	\$17,856,975	100.0%	\$19,020,028	100.0%

* 06/30/11 and 6/30/12 valuation

Performance of Commonfund in 2012 (As Reported by Commonfund as of 12/31/12)

Fund	1 Year	3 Year	5 Year	10 yr
Multi Strategy Equity Fund	15.10	8.04	0.94	8.22
Benchmark S&P 500	16.00	10.97	1.66	7.10
Multi Strategy Bond Fund	8.17	7.90	6.42	6.47
Benchmark Barclays Capital Bond Index	4.22	6.19	5.95	5.18
Capital Partners 1999	18.69	12.8	5.28	11.59
Capital Partners IV	9.81	10.46	-5.15	n/a
Energy Partners III	23.86	15.43	11.91	24.04
Private Equity Partners III	3.59	4.24	-2.02	8.52
Venture Partners III	0.58	8.75	-0.21	13.97
Realty Investors LLC*	n/a	-58.90	50.98	-24.71
Capital Partners V	-10.43	n/a	n/a	n/a

Note: Private capital lags the equity market by 3-6 months.

* Realty investor LLC numbers reflect 6/30/12 valuation

Performance of the Pulp and Paper Foundation investments in 2012 (Reported by Commonfund)

	1 Year	3 Year	5 Year	10 year
Pulp and Paper Foundation Total Return (net of fees)	12.26	7.56	1.87	6.83
Weighted Composite Benchmark 60% S&P, 40% Barclays	11.29	9.06	3.38	6.33

TREASURER'S REPORT

The financial results of the Foundation for 2012 produced a decrease in net assets as a result of operations that were more than offset with an increase in our investments due to investment income. Key areas to note for the year are detailed below.

- The Statement of Financial Position shows the increase in our investments from approximately \$17,857,000 at 12/31/11 to approximately \$19,020,000 at 12/31/12.
- Membership revenue experienced another modest increase for the second straight year. Results were short of the budget, but the budget expected the new Development position would be filled earlier in the year.
- Investments Income was better than 2011 results. Please recall this amount is calculated utilizing 5% of the rolling 3 year average based on investment balances as of September 30. We anticipated this slightly higher amount due to the improving fair value of Foundation assets over the 3 year period.
- Scholarships awarded held steady at approximately \$742,000. Scholarship expenditures going forward in 2013 are expected to decline as a new scholarship policy is implemented.
- Total University Support expenses for the year were at budget but significantly higher than the prior year. Please recall from the 2011 report that the charges for Calder Professor, Faculty Stipends and Department support expenses were pushed to 2012. This was a one-time correction to the award/payment process.
- Foundation Operation expenditures were consistent with the prior year results and slightly less than budget. This is a result of a smooth running operation by Foundation staff.
- Operating activities were essentially at goal for 2012, coming in slightly less than \$4,000 under budget. The two major deviations were lower than budgeted membership income (-\$50,225), offset by a later than expected start date of our senior development officer (+\$31,827).

- A complete audit report of financial activity for 2012 follows this report.

David Colter, Treasurer

Independent Auditors' Report

To the Executive Committee and Directors of
The University of Maine Pulp and Paper Foundation
Orono, Maine

We have audited the accompanying financial statements of The University of Maine Pulp and Paper Foundation, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of Maine Pulp and Paper Foundation as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Executive Committee and Directors of
The University of Maine Pulp and Paper Foundation

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



South Portland, Maine
March 19, 2013

Statements of Financial Position

December 31,

	2012	2011
ASSETS		
Cash	\$ 70,495	\$ 72,908
Investment income receivable	109,739	104,016
Investments	<u>19,020,028</u>	<u>17,856,975</u>
Total Assets	<u>\$ 19,200,262</u>	<u>\$ 18,033,899</u>
NET ASSETS		
Unrestricted:		
Undesignated	\$ 3,944,445	\$ 3,863,196
Designated - Soderberg Research Fund	<u>1,649,888</u>	<u>1,538,179</u>
Total unrestricted	<u>5,594,333</u>	<u>5,401,375</u>
Temporarily restricted	2,669,579	1,770,165
Permanently restricted	<u>10,936,350</u>	<u>10,862,359</u>
Total Net Assets	<u>\$ 19,200,262</u>	<u>\$ 18,033,899</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 1,166,363	\$ (780,013)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Permanently restricted contributions	(73,991)	(56,147)
Losses (gains) on investments	(1,814,341)	206,938
(Increase) decrease in investment income receivable	(5,723)	2,773
Net cash used by operating activities	(727,692)	(626,449)
Cash flows from investing activities:		
Proceeds from sale of investments	19,140,482	1,255,694
Purchase of investments	(18,489,194)	(670,625)
Net cash provided by investing activities	651,288	585,069
Cash flows from financing activities:		
Proceeds from permanently restricted contributions	73,991	56,147
Net cash provided by financing activities	73,991	56,147
Net change in cash	(2,413)	14,767
Cash at beginning of the year	72,908	58,141
Cash at end of the year	\$ 70,495	\$ 72,908

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Maine Pulp and Paper Foundation (the Foundation) is a not-for-profit corporation organized to further the study and promotion of pulp and paper and related subjects at the University of Maine and to encourage students to consider paper related technical careers.

Basis of Accounting

The accounts of the Foundation are maintained under the accrual basis of accounting. The net assets of the Foundation are reported as follows:

Unrestricted Net Assets

Unrestricted net assets represent unrestricted resources over which the Board of Directors retains full control to accomplish any of the Foundation's stated purposes. The Board of Directors has designated certain monies to support research activities, classified under the Soderberg Research Fund.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent the unexpended income, including realized and unrealized gains and losses on investments, earned on certain classes of Endowment Funds which may only be utilized in accordance with the purpose established by the donors of the related Endowment Funds.

Permanently Restricted Net Assets

Permanently restricted net assets represent Endowment Funds that are subject to the restrictions of the gift instruments requiring that the principal be invested in perpetuity and that income only be utilized, generally for scholarships.

Investments

Investments are carried at fair value. Investments consist primarily of units purchased in funds managed by the Commonfund, an investment management company for universities and foundations, and are valued as of year-end as quoted by the Commonfund. The Foundation utilized the net asset value (NAV) reported by each of the alternative investment funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Investments also include interests in limited partnerships and a limited liability company (LLC). Private Equity Partners III, Venture Partners III, Energy Partners III, Capital Partners 1999, Capital Partners IV, and Capital Partners V are carried at estimated fair value as determined by the general partners. Those estimated values may differ significantly from values that would have been used had a ready market for the investments existed. Realty Investors LLC is carried at estimated fair value and is valued annually primarily through an appraisal of properties owned. For Realty Investors LLC and all other limited partnerships the reported fair values as of December 31, 2012 and 2011 are based on the September 30, 2012 and June 30, 2011 values, respectively and updated for contributions and withdrawals through December 31st.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions are recorded at their fair value on the date the donor makes a gift or a firm promise to give to the Foundation.

Investment Income

Investment income, including realized and unrealized gains/losses, is recorded net of management fees. Effective July 1, 2009, the State of Maine adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted State of Maine law as requiring the preservation of the value of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

Appreciation on investments of permanently restricted funds is considered temporarily restricted until appropriated by the Foundation's Board unless otherwise indicated in the gift instrument. The gift instruments provide in general, that income in excess of amounts awarded as scholarships be added to the principal of each Endowment Fund for individual endowments with an end of the year value greater than \$50,000 (USA Scholars Funds). Income in excess of amounts awarded as scholarships is classified as temporarily restricted for individual Endowment Funds with an end of the year value less than \$50,000 but greater than \$10,000 (Named Scholarships). All income earned in Endowment Funds with an end of the year value of less than \$10,000 (Other Endowment Funds) is added to principal. Income from investments that are not donor restricted is recorded as unrestricted. When the market value of permanently restricted assets is less than the original corpus, the deficiency is used to reduce temporarily restricted assets to the extent of previously recorded appreciation, and then as a reduction of unrestricted net assets. There are no endowment funds whose market value was less than the original corpus for the years ended 2012 and 2011.

The Foundation designates only a portion of investment income, including realized and unrealized gains/losses, to be used for operations. The maximum amount of annual investment income that may be designated for operations is determined by a spending formula, which is set at 5% of the average of the investment market values, excluding certain funds, as of the three previous years. For 2012, this amount was based on the values at December 31, , December 31, and September 30, . The remainder of investment income, including realized and unrealized gains/losses, is excluded from operations.

Investment Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified purpose as well as unrestricted funds. Under this policy, the endowment assets are invested in a manner that is intended to produce this result while minimizing investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position or activities.

Income Taxes

The Foundation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision for state or federal income taxes has been made in the accompanying financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, through 2012.

NOTE 2 – INVESTMENTS

The fair value of investments are comprised of the following as of December 31,:

Fair Value	2012	2011
Vanguard – Mutual Funds	\$ 180,000	
Commonfund:		
Cash Fund (*)	17,818,569	
Multi Strategy Bond Fund (*)		\$ 6,759,275
Multi Strategy Equity Fund (*)		10,145,100
Total Commonfund	17,818,569	16,904,375
Limited Partnerships and LLC:		
Private Equity Partners III	13,194	21,349
Venture Partners III	10,706	13,720
Energy Partners III	59,732	61,336
Capital Partners 1999	49,469	60,485
Capital Partners IV	767,759	631,572
Capital Partners V	15,215	7,605
Realty Investors LLC	105,384	156,533
Total Limited Partnerships and LLC	1,021,459	952,600
Total Investments	\$ 19,020,028	\$ 17,856,975

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 2 – INVESTMENTS – CONTINUED

(*) During 2012 the Foundation approved the change in fund managers to Vanguard. Accordingly, on December 31, 2012 the Multi Strategy Bond Fund and Equity Funds were liquidated in preparation of the transfer to Vanguard.

The following schedule summarizes investment income and its classification in the statement of activities for 2012:

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 81,666	\$ 34,077	\$ 115,743	\$ 279,861	\$ -	\$ 395,604
Net realized and unrealized losses	374,541	156,285	530,826	1,283,515		1,814,341
Investment management fees	(11,395)	(4,755)	(16,150)	(39,050)		(55,200)
Total investment income	441,812	185,607	630,419	1,524,326		2,154,745
Investment income designated for operations	(203,000)	(73,898)	(276,898)	(624,912)		(901,810)
Investment income less amounts designated for operations	<u>\$ 241,812</u>	<u>\$ 111,709</u>	<u>\$ 353,521</u>	<u>\$ 899,414</u>	<u>\$ -</u>	<u>\$ 1,252,935</u>

The following schedule summarizes investment income and its classification in the statement of activities for :

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 86,656	\$ 33,262	\$ 119,918	\$ 281,140	\$ -	\$ 401,058
Net realized and unrealized losses	(44,713)	(17,163)	(61,876)	(145,063)		(206,939)
Investment management fees	(11,944)	(4,585)	(16,529)	(38,751)		(55,280)
Total investment income	29,999	11,514	41,513	97,326		138,839
Investment income designated for operations	(206,463)	(71,319)	(277,782)	(593,824)		(871,606)
Investment income less amounts designated for operations	<u>\$ (176,464)</u>	<u>\$ (59,805)</u>	<u>\$ (236,269)</u>	<u>\$ (496,498)</u>	<u>\$ -</u>	<u>\$ (732,767)</u>

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 2 – INVESTMENTS – CONTINUED

The following summarizes the Foundation's endowment funds, by net asset category as of December 31. The unrestricted amounts are board designated and the temporarily and permanently restricted amounts are donor restricted.

	2012	2011
Unrestricted	\$ 1,649,888	\$ 1,538,179
Temporarily restricted	2,669,579	1,770,165
Permanently restricted	10,936,350	10,862,359
	<u>\$ 15,255,817</u>	<u>\$ 14,170,703</u>

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2012	\$ 1,538,179	\$ 1,770,165	\$ 10,862,359	\$14,170,703
Dividends and interest	34,077	279,861		313,938
Net appreciation in fair value	156,285	1,283,515		1,439,800
Investment management fees	(4,755)	(39,050)		(43,805)
Additions			73,991	73,991
Appropriation for expenditure	(73,898)	(624,912)		(698,810)
Endowment funds, December 31, 2012	<u>\$ 1,649,888</u>	<u>\$ 2,669,579</u>	<u>\$ 10,936,350</u>	<u>\$15,255,817</u>

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2011	\$ 1,546,665	\$ 2,266,663	\$ 10,806,212	\$14,619,540
Dividends and interest	33,262	281,140		314,402
Net depreciation in fair value	(17,163)	(145,063)		(162,226)
Investment management fees	(4,585)	(38,751)		(43,336)
Additions			56,147	56,147
Appropriation for expenditure	(20,000)	(593,824)		(613,824)
Endowment funds, December 31, 2011	<u>\$ 1,538,179</u>	<u>\$ 1,770,165</u>	<u>\$ 10,862,359</u>	<u>\$14,170,703</u>

NOTE 3 – SCHOLARSHIP AWARD COMMITMENTS

The Foundation's scholarships are granted on an academic year basis with payments made primarily in January, June and September based upon the recipients' course registration. As of December 31, 2012, approximately \$360,000 in scholarships were anticipated for disbursement in January 2013, subject to students complying with the terms of the scholarship.

The Foundation has commitments to assist the recipients of the Bailey Fund award with certain student loans after their graduation. The awards are contingent upon the students meeting requirements regarding their employment. The total amount committed at December 31, 2012 is approximately \$33,950.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Limited Partnerships - The Foundation has investments in Energy Partners III, Capital Partners IV, and Capital Partners V that have anticipated future cash commitments of approximately \$18,400, \$322,000, and \$232,500, respectively, at December 31, 2012. Additionally, the limited partnership and LLC investments have various withdrawal restrictions which limit the Foundation's ability to liquidate its investment in these entities. Capital Partners IV does not allow withdrawal except under certain limited circumstances. Realty Investors LLC allows investors during September of each year to request fund redemptions up to 20% of units they have owned for at least five years. Redemptions are paid at the end of the subsequent calendar year at the net asset value on the redemption date. Redemptions are at the discretion of the fund managers. Management does not believe that redemptions would be approved under current circumstances at Realty Investors LLC.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Foundation is a party to a management agreement with the University of Maine. The management agreement specifies that the University will provide offices, and specified benefits paid for in full by the Foundation, and that the Foundation pay personnel directly. This agreement was entered into in December 2007, and continues indefinitely with 180 day notice by either party. During 2012 and 2011, the Foundation paid approximately \$38,000 and \$38,000, respectively, for services provided under the agreement.

NOTE 6 – FAIR VALUE DISCLOSURES

Fair Value Measurements

The Foundation has adopted a framework for measuring fair value under generally accepted accounting principles for all financial instruments that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 6 – FAIR VALUE DISCLOSURES – CONTINUED

In determining the appropriate levels, the Foundation performs an analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of:

	Total	Level 1	Level 2	Level 3
December 31, 2012				
Cash Funds	\$ 17,818,569	\$17,818,569	\$ -	
Limited Partnerships	1,021,459			\$ 1,021,459
Vanguard Funds	180,000	180,000		
	<u>\$ 19,020,028</u>	<u>\$17,998,569</u>	<u>\$ -</u>	<u>\$ 1,021,459</u>
December 31, 2011				
Multi-Strategy Funds	\$ 16,904,375	\$ -	\$16,904,375	
Limited Partnerships	952,600			\$ 952,600
	<u>\$ 17,856,975</u>	<u>\$ -</u>	<u>\$16,904,375</u>	<u>\$ 952,600</u>

For Level 3 items, a reconciliation of the beginning and ending balances is required and follows as of December 31, 2012 and 2011:

Balance, January 1, 2011	<u>\$ 685,935</u>
Change in unrealized losses	130,048
Realized gains	36,407
Total gains included in changes in net assets	<u>166,455</u>
Net purchases	<u>100,210</u>
Balance, December 31, 2011	<u>\$ 952,600</u>
Balance, January 1, 2012	<u>\$ 952,600</u>
Change in unrealized losses	49,450
Realized gains	75,496
Total gains included in changes in net assets	<u>124,946</u>
Net distributions	<u>(56,087)</u>
Balance, December 31, 2012	<u>\$ 1,021,459</u>

The Limited Partnership and LLC investments do not trade in an active, open market with readily observable prices. The fair values are estimated based upon real estate appraisals and discounted cash flow models that incorporate various assumptions in discount rates and timing of payments. Due to the nature of the valuation inputs, these investments are classified within Level 3 of the valuation hierarchy.

Notes to Financial Statements

December 31, 2012 and 2011

NOTE 7 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through the date of the auditors' report, which is the date these financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Schedules of Memberships and Operating Expenses
For Unrestricted Funds

December 31,	2012	2011
MEMBERSHIPS		
Foundation sponsor	\$ 19,000	\$ 19,000
Scholarship underwriters	60,500	53,000
Company members	40,400	45,800
Special Gift members	10,150	7,900
Individual members	29,450	24,862
Matching gifts	925	954
Total Memberships	\$ 160,425	\$ 151,516
OPERATING EXPENSES		
Scholarships	\$ 741,478	\$ 751,648
University Support:		
Pulp and Paper Foundation professor	15,000	10,000
Calder professor	15,000	
Department support	14,410	
Summer co-op teaching	10,000	10,000
Graduate stipends	38,590	
Bailey grants		1,667
Educational relations	46,273	40,242
Chinn Seminars	1,855	372
Faculty stipend (Soderberg)	5,000	
Total University Support	146,128	62,281
Support Services:		
Public information	21,541	12,561
Foundation office expenses	272,116	252,346
Legal counsel, accounting and consultant	11,800	21,350
Miscellaneous	29,934	27,604
Total Foundation Operations	335,391	313,861
Total Operating Expenses	\$ 1,222,997	\$ 1,127,790

Schedule of Contributions - Endowment Fund

Year Ended December 31, 2012

Gifts to Increase USA Scholars Funds:

Barrett, Mark D.	\$ 9,334
Cross, Ray H.	1,079
Emery, Phillip H., Sr.	1,000
Grindle, Michael E.	100
Keef, Joseph E.	1,000
Perry Family	500
	<u>13,013</u>

Gifts to Increase Named Scholarships:

Barker, Elliott R.	1,000
Boos, Louis J.	2,000
Bowden Family	2,600
Curtis Family	1,600
Davidson Family	1,000
Dolloff, Richard and Erdine B.	1,000
Glomb, John W.	200
Hume, Robert M.	6,955
Muller, George J.	3,000
Stoess, Henry A.	1,500
Touchette, Joseph W.	4,872
	<u>25,727</u>

Gifts to Establish Named Scholarships:

Moody, Sr., Winship B. "Chip"	<u>30,050</u>
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Gifts to Increase Endowment Funds:

Beaumont Family	500
Class of 1999	1,288
Foley, George L. and Elizabeth Y.	1,000
Kerr, Ethyl G.	1,200
Lyons Family	600
Albert Moore Pat's Pizza Scholarship	363
Paine, Arnold	250
	<u>5,201</u>

Total Additions to Fund

<u>\$ 73,991</u>

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
Donors Funds:			
Joachim, Herman L.	\$885,836	\$885,836	\$885,836
Lewis, John and Lucille	\$543,959	\$543,959	\$543,959
Soderberg Donors Fund	\$1,000,000	\$1,000,000	\$1,000,000
USA Scholars Funds:			
Ahara, E. Victor	\$41,061	\$64,423	\$68,877
Baldwin-Harvey	\$49,810	\$103,476	\$110,631
Barrett, Mark D.	\$97,595	\$96,988	\$113,029
Bearce, George D.	\$12,315	\$61,671	\$65,935
Beckler, Warren B., Jr.	\$10,069	\$57,134	\$61,084
Benedetto, Joseph A.	\$10,169	\$57,445	\$61,416
Bird Companies	\$10,783	\$56,249	\$60,138
Bolton, Philip S.	\$12,043	\$59,833	\$63,970
Bossen Family	\$11,855	\$65,475	\$70,002
Bryand, Edward T.	\$10,264	\$54,331	\$58,088
Buchanan, William E.	\$10,369	\$53,244	\$56,925
Callighan, Mae Munter	\$11,334	\$57,439	\$61,410
Callighan, Olin W	\$10,316	\$56,533	\$60,442
Cameron, James A	\$10,369	\$59,481	\$63,594
Chisholm Family	\$10,369	\$59,966	\$64,112
Cianchette Brothers	\$50,340	\$57,489	\$61,464
Clapp II, Eugene H.	\$45,000	\$51,391	\$54,944
Clapp, Sarah, L.	\$11,369	\$59,313	\$63,414
Class of 1952 - 5th Year Alumni	\$10,068	\$56,591	\$60,504
Copeland, Stuart B.	\$14,574	\$76,336	\$81,614
Correll, Elizabeth F.	\$38,200	\$57,731	\$61,722
Creamer, Walter J.	\$10,000	\$41,800	\$44,690
Cross, Ray H.	\$33,365	\$70,677	\$76,643
Crump, James G.	\$209,924	\$341,737	\$365,365
Dahl, Knud	\$168,520	\$575,147	\$614,913
Dahl, Knut/Johan Richter	\$98,740	\$374,412	\$400,299
Dauman, Samuel	\$10,209	\$58,460	\$62,502
Desmond, Clair R.	\$12,318	\$62,732	\$67,069
Emery, Sr., Philip H.	\$33,605	\$78,194	\$84,600
Fales, Otis G.	\$10,369	\$58,318	\$62,350
Ferguson Jr., Roy K.	\$166,511	\$660,711	\$706,394

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
USA Scholars Funds (continued):			
Frost, Frederick H.	\$11,104	\$64,183	\$68,621
Gardiner, Frank J.	\$10,259	\$55,675	\$59,525
Gardner, Angus J.	\$10,469	\$57,795	\$61,792
Gilman, Isaac and Charles	\$10,001	\$62,446	\$66,764
Glatfelter, III, P.H.	\$10,000	\$48,672	\$52,037
Gottesman, D. Samuel	\$10,259	\$51,597	\$55,164
Graham, Edward M.	\$13,607	\$69,297	\$74,088
Great Northern Paper Co.	\$18,222	\$91,234	\$97,543
Greenlaw, Edward P.	\$55,393	\$98,923	\$105,763
Greep, Abel A. and Adelaide S.	\$10,692	\$62,332	\$66,642
Grindle, Michael E.	\$37,250	\$55,267	\$59,188
Haskell, Robert N.	\$57,297	\$138,817	\$148,415
Heuer, John H.	\$17,434	\$85,524	\$91,438
Hodgdon, Paul E.	\$10,929	\$59,362	\$63,466
Holden, Harold	\$11,369	\$58,678	\$62,735
Huyck Scholarship, The	\$12,415	\$59,885	\$64,026
Ingalls, Everett P.	\$10,393	\$63,117	\$67,481
Jacobs, Mike	\$10,083	\$52,407	\$56,030
Jenness, Lyle C.	\$12,610	\$62,179	\$66,478
Joachim, Herman L.	\$109,478	\$210,201	\$224,735
Jones, Thomas Phelps	\$36,671	\$75,034	\$80,222
Jordan, Edward C.	\$10,283	\$53,283	\$56,967
Juckett, J. Walter	\$116,089	\$445,167	\$475,946
Keef, Joseph E.	\$16,500	\$46,597	\$50,819
Koplik, Perry H.	\$10,741	\$55,472	\$59,307
Kraske Family	\$50,466	\$57,633	\$61,618
Kraske, William H.	\$44,215	\$109,846	\$117,441
Mansfield, Everett Keith	\$11,470	\$62,076	\$66,368
Marquis, John F.	\$72,246	\$111,161	\$118,846
Marquis, Maida B.	\$69,747	\$107,202	\$114,614
Marshall Jr., Stanley N.	\$52,823	\$87,516	\$93,567
Masterman Family	\$23,450	\$70,796	\$75,691
McDonald, Manuel C.	\$11,397	\$66,263	\$70,845
McDonald, Manuel C.	\$16,899	\$83,359	\$89,122
Metcalfe, William K.	\$17,195	\$80,825	\$86,413
Morrison, Franck P.	\$10,000	\$47,972	\$51,289
Morton, Hugh H.	\$195,986	\$247,018	\$264,097
Murchison, David C.	\$10,003	\$53,876	\$57,601

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
USA Scholars Funds (continued):			
Neese, Sr, Elbert H.	\$10,069	\$58,343	\$62,377
Northeast Division of PIMA	\$10,283	\$55,338	\$59,164
Ober, J. Larcom	\$10,321	\$57,926	\$61,931
Olmstead, Jr., George	\$11,514	\$65,472	\$69,999
Pearson, Jr., Francis E.	\$10,535	\$56,670	\$60,588
Pennings, Charles F.	\$15,008	\$57,286	\$61,247
Perry Family	\$66,847	\$115,587	\$124,079
Recor, Kip	\$11,313	\$54,754	\$58,540
Renegar, Glen T.	\$10,369	\$57,107	\$61,055
Riegel, Margaret Murchie	\$11,755	\$60,578	\$64,767
Roosevelt Paper	\$15,000	\$46,314	\$49,516
Rourke, Floyd H.	\$59,448	\$123,600	\$132,146
Rouse, John W.	\$10,000	\$49,262	\$52,668
Sanborn, James L.	\$36,832	\$71,335	\$76,267
Sargent, Viola R.	\$24,269	\$97,502	\$104,243
Schmidt, William C. & William Jr.	\$11,152	\$63,349	\$67,729
Sheldon, Benjamin I.	\$10,069	\$57,588	\$61,570
Soderberg, Elizabeth F.	\$22,904	\$92,672	\$99,080
Soderberg, Elvah L.	\$20,218	\$94,857	\$101,415
Soderberg, Frederic A.	\$22,596	\$89,435	\$95,619
TAPPI/Maine-New Hampshire	\$22,756	\$86,255	\$92,219
Texo/Louis Lerner	\$10,000	\$43,438	\$46,441
Touchette, Joseph W.	\$41,025	\$42,602	\$50,420
Trelfa, Fred R.	\$25,567	\$109,244	\$116,797
Union Camp Corporation	\$10,016	\$58,401	\$62,439
Uong, D. Diek	\$15,212	\$72,049	\$77,031
Wadsworth, Harry F.	\$10,888	\$55,750	\$59,604
Wallach, Ira D.	\$10,751	\$54,223	\$57,972
Wallach, James and Kenneth	\$95,927	\$311,908	\$333,473
Wallach, James G.	\$53,200	\$70,413	\$75,281
Ward, Eugene J.	\$10,000	\$48,183	\$51,515
Wilkins, Ralph A.	\$10,192	\$63,983	\$68,407
Subtotal	\$3,183,309	\$9,454,838	\$10,126,444
Named Scholarships:			
1996 Open House	\$10,000	\$14,373	\$15,366
Abbott, Warren A.	\$10,909	\$39,302	\$42,020
Aiken, Paul & Evelyn	\$10,200	\$26,988	\$28,854

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
Named Scholarships (continued):			
Akeley, Leon F.	\$10,100	\$12,498	\$13,362
Baker, Phil & Ginny	\$10,000	\$11,420	\$12,210
Barker, Elliott R.	\$19,000	\$34,867	\$38,278
Barry, Leroy J. (Roy)	\$10,648	\$12,161	\$13,002
Betz Laboratories	\$10,000	\$23,864	\$25,514
Bingham, Leroy M.	\$13,200	\$15,075	\$16,117
Bockus, Clayton T.	\$10,225	\$39,647	\$42,388
Boos, Louis J.	\$21,136	\$20,819	\$24,259
Boston Paper Trade Association	\$10,000	\$23,864	\$25,514
Boutin, Delano L.	\$18,068	\$37,091	\$39,655
Bowden Family Scholarship	\$13,600	\$11,000	\$14,361
Buckman Laboratories	\$10,000	\$12,498	\$13,362
Burke, James L.	\$10,000	\$11,506	\$12,301
Butler Family	\$10,000	\$11,420	\$12,210
Caddoo, William H.	\$10,000	\$11,420	\$12,210
Carlstorm, Edwin C.	\$4,306	\$8,831	\$9,442
Chase, Andrew J.	\$25,000	\$28,551	\$30,525
Chase, Jane Gray Hunley	\$19,193	\$37,476	\$40,067
Chinn, Friends of Jack E	\$11,305	\$12,911	\$13,803
Chinn, Jack E	\$10,000	\$11,420	\$12,210
Cianchette, Alton E. (Chuck)	\$22,800	\$26,038	\$27,838
Clarke, Neil G.	\$20,000	\$27,386	\$29,280
Class of 1937	\$10,000	\$24,992	\$26,720
Class of 1945	\$10,000	\$15,056	\$16,097
Class of 1955	\$10,464	\$27,775	\$29,695
Cross, Mark and Melanie	\$11,268	\$12,682	\$13,559
Crossland, Charles E.	\$24,080	\$39,388	\$42,112
Curtis, Ted and Rose Marie	\$14,850	\$14,790	\$17,412
Davidson, Family	\$21,742	\$23,227	\$25,833
Davis, Roy L.	\$16,715	\$37,821	\$40,436
Dolloff, Richard and Erdine B.	\$18,973	\$35,827	\$39,304
Du Pont Titanium Dioxide	\$10,000	\$24,992	\$26,720
Flaherty, Joseph V.	\$10,000	\$14,373	\$15,366
Genco, Helen Horner	\$11,000	\$12,380	\$13,236
Gledhill, Ada M.	\$30,171	\$37,585	\$40,184
Glomb, John W.	\$10,900	\$15,775	\$17,065
Grant Family, The	\$10,219	\$25,539	\$27,305
Haber, Jr., Peter	\$10,000	\$18,180	\$19,437

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
Named Scholarships (continued):			
Hale, David and Marion Young	\$14,582	\$16,653	\$17,805
Hall, M. Bradford	\$16,581	\$29,518	\$31,558
Hannigan Family	\$11,735	\$26,144	\$27,952
Hans, Lois V.	\$5,500	\$23,867	\$25,517
Harmon, Evelyn W.	\$11,400	\$12,897	\$13,788
Hart, Peter W.	\$14,000	\$15,807	\$16,899
Heal Family	\$11,366	\$12,980	\$13,878
Healy, Edwin D. and Claudette	\$12,000	\$13,704	\$14,652
Healy, John J. Sr., and Helen C.	\$10,099	\$11,519	\$12,316
Herbolzheimer, Jr., Phyllis & Fred	\$12,680	\$33,550	\$35,870
Hercules Incorporated	\$10,166	\$19,443	\$20,788
Hickey Family	\$28,270	\$32,039	\$34,254
Holden, Harold (II)	\$26,439	\$33,043	\$35,327
Holden, Harold	\$11,641	\$28,749	\$30,737
Holland, Hugh G. (Dutch)	\$15,000	\$17,130	\$18,315
Hume, Robert M.	\$16,955	\$29,450	\$38,441
Hunting Family	\$10,100	\$15,864	\$16,961
Huntoon, Charles R.	\$10,250	\$15,000	\$16,037
Hutchins, Curtis M.	\$11,086	\$33,169	\$35,463
Hutchins, Curtis M.	\$10,000	\$26,459	\$28,288
Jalbert, Maurice J.	\$6,308	\$9,898	\$10,582
Joachim, Otto/Richard Laufman	\$10,000	\$26,446	\$28,275
Jones-Weston, Evelyn	\$10,000	\$14,373	\$15,366
Judson, Alan/Pruyn	\$10,700	\$12,201	\$13,045
Karter, Eli	\$10,000	\$11,420	\$12,210
Kirk, Nada Popovich	\$10,000	\$11,420	\$12,210
Knight, Frank A.	\$27,000	\$30,835	\$32,967
Kosloff, I.S.	\$17,945	\$25,975	\$27,771
Kurrle, William F	\$16,362	\$23,196	\$24,800
LaHaise, Thomas F., Jr.	\$24,028	\$26,994	\$28,861
Leen Jr., Stanley J.	\$4,662	\$10,351	\$11,066
Levensailor, Arthur E.	\$15,806	\$35,555	\$38,014
Lowe, E. Nobles	\$14,844	\$17,311	\$18,508
Lucey, Ellen Shaw	\$16,650	\$32,860	\$35,132
Ludwig, Edward I. and Florence M.	\$12,625	\$33,111	\$35,400
Luke Family	\$15,000	\$26,192	\$28,003
Lurvey, Robert G.	\$10,058	\$22,312	\$23,855
MacBrayne Family	\$10,566	\$26,046	\$27,847

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
Named Scholarships (continued):			
Magnus, Nina Campbell	\$20,630	\$25,667	\$27,442
Mangan, Thomas G.	\$10,000	\$11,420	\$12,210
Martin, Robert W.	\$13,516	\$15,846	\$16,942
Marshall, Stanley N., Jr. (first year)	\$10,500	\$11,991	\$12,820
Matik North America	\$10,000	\$26,459	\$28,288
McCabe, Thomas B.	\$3,932	\$10,298	\$11,010
McClure, John M.	\$10,868	\$32,817	\$35,086
McQuarrie Family	\$16,325	\$18,783	\$20,081
Meyer, Lollo and Charles A.	\$10,000	\$11,420	\$12,210
Moody, James L.	\$10,000	\$30,197	\$32,285
Moody, Sr. Winship B. "Chip"	\$30,050	\$0	\$30,050
Moore, Winifred & Baxter	\$10,022	\$11,446	\$12,237
Muller, George J.	\$14,222	\$19,785	\$24,152
Nalco Chemical Company	\$10,750	\$15,807	\$16,899
Neal Memorial	\$20,648	\$25,686	\$27,462
Nelson, Laurel E.	\$10,850	\$12,483	\$13,347
Newall, Lewis E. and Lucille D.	\$15,299	\$17,472	\$18,680
Norris, Thomas C.	\$10,000	\$17,102	\$18,285
Palm, William H.	\$15,400	\$26,337	\$28,158
Paper Chase	\$22,978	\$37,424	\$40,011
Perkins, Anna F.	\$13,238	\$24,922	\$26,645
Phillips, Kenneth H.	\$31,360	\$40,227	\$43,009
Ragon Jr., Burnham R.	\$12,080	\$17,362	\$18,562
Recor, Virginia	\$11,000	\$25,815	\$27,599
Richards Jr., John P.	\$12,609	\$16,555	\$17,699
Rourke Family	\$10,000	\$11,420	\$12,210
Sapoznik, Ted and Mary	\$15,000	\$17,130	\$18,315
Simard, Gerald L.	\$10,466	\$20,389	\$21,798
Sleight, Ina and Erland	\$27,500	\$33,024	\$35,307
Sofia, A.J. McKimm and Samuel	\$17,502	\$19,988	\$21,370
Specialty Minerals	\$12,150	\$13,876	\$14,835
Stahl, Frederick A.	\$13,534	\$19,563	\$20,915
Stoess, Henry A.	\$32,598	\$34,791	\$38,696
Tappi Student Endowment Fund	\$10,000	\$10,052	\$10,747
Thayer, Ernest	\$10,000	\$14,373	\$15,366
Trelfa, Heidi Ruckstuhl	\$10,300	\$23,683	\$25,321
Trelfa, Richard T.	\$11,025	\$25,953	\$27,747
Tutt, Jr., Richard P.	\$5,608	\$21,825	\$23,334

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2012
(With Comparative Value Figures for 2011)

ENDOWMENT FUND

	Original Contributions Through 2012	Fund Balance Value 2011	Fund Balance Value 2012
Named Scholarships (continued):			
Vamvakias, James G.	\$10,000	\$22,183	\$23,717
Violette, Richard D.	\$16,886	\$38,493	\$41,154
Wiley, Michael S.	\$10,412	\$13,012	\$13,912
Woodcock Family	\$10,600	\$12,071	\$12,906
Zabe, Robert N.	\$9,469	\$23,480	\$25,104
Zieminski, Stephan	\$10,450	\$12,473	\$13,336
Subtotal	\$1,682,253	\$2,637,387	\$2,870,645
Total Endowed Scholarships		\$12,092,225	\$12,997,088
Special Endowment Funds			
Bailey, Harold P.	\$104,916	\$348,410	\$390,451
Chinn, Jack E.	\$75,000	\$138,835	\$153,734
Subtotal	\$179,916	\$487,245	\$544,185
Endowment Funds			
Beaumont Family	\$2,500	\$2,222	\$2,990
Class of 1962	\$148	\$522	\$585
Class of 1999	\$3,788	\$2,500	\$4,090
Foley, George L. and Elizabeth Y.	\$6,000	\$6,266	\$8,022
Hutchins, Burleigh	\$1,370	\$3,803	\$4,261
Johnson, Kenneth A.	\$1,236	\$4,076	\$4,567
Lyons Family	\$3,000	\$2,689	\$3,613
Kerr, Ethyl G.	\$7,100	\$6,344	\$8,310
Kiran, Erdogan	\$2,425	\$4,165	\$4,667
Paine, Arnold	\$3,956	\$5,942	\$6,909
Moore, Albert Pat's Pizza Scholarship	\$6,116	\$6,727	\$7,901
Shurling, Gene/Couch Pit University	\$4,173	\$6,578	\$7,372
Stevens, Howard	\$700	\$1,221	\$1,369
Subtotal	\$42,513	\$53,054	\$64,657
TOTAL	\$5,087,990	\$12,632,524	\$13,605,930

University of Maine Pulp and Paper Foundation
2013 Budget Proposal

	2009 Actual	2010 Actual	2011 Actual	2011 Budget	2012 Approved	2012 Actual	2013 Proposed
Membership Income							
Foundation Sponsor	\$ 39,000	\$ 16,500	\$ 19,000	\$ 39,000	\$ 30,000	\$ 19,000	\$ 20,900
Scholarship Underwriter	48,500	48,500	53,000	45,000	45,000	60,500	63,250
Company Member	49,300	47,725	45,800	40,000	45,000	40,400	59,500
Special Gift Member	4,925	4,850	7,900	9,000	6,000	10,150	11,000
Individual	28,738	20,415	24,862	40,000	73,000	29,450	55,000
Matching Gift	2,300	500	954	2,500	1,000	925	1,000
Total Membership Income	172,763	138,490	151,516	175,500	200,000	160,425	210,650
Investment Income			5.00%	5.00%	5.00%	5.00%	4.75%
General	295,917	262,081	206,463	206,463	203,182	203,182	195,103
Endowment	689,433	622,184	593,824	593,824	623,057	623,057	608,089
Soderberg Research	91,350	81,434	71,319	71,319	73,898	73,898	71,944
Total Investment Income	1,076,700	965,699	871,606	871,606	900,137	900,137	875,136
Open House	0	0	1,155	0	0	0	-
Other Income	0	0	0	0	0	0	-
Total Operating Income	1,249,463	1,104,362	1,023,122	1,047,106	1,100,137	1,060,562	1,085,786
Scholarships & Recruitment							
Undergraduate Scholarships	751,135	742,672	751,648	750,000	750,000	741,478	700,000
Graduate Stipends	14,152	44,914	-	-	40,000	38,590	25,000
Educational Relations	41,009	41,922	40,242	50,000	50,000	46,273	50,000
Total Scholarships & Recruitment	806,296	829,508	791,890	800,000	840,000	826,341	775,000
University Support							
P & P Foundation Professor	15,000	15,000	10,000	10,000	15,000	15,000	10,000
Calder Professor	15,000	15,000	-	-	15,000	15,000	15,000
Faculty Stipends	5,000	5,000	-	-	5,000	5,000	5,000
Departmental Support	13,000	16,535	-	-	13,000	14,410	13,000
Summer Co-op Teaching	23,499	15,436	10,000	10,000	10,000	10,000	10,000
Chinn Seminars	3,020	2,637	372	2,500	2,500	1,855	2,500
Total University Support	74,519	69,608	20,372	22,500	60,500	61,265	55,500
Foundation Operations							
Public Information	8,076	7,816	12,561	12,000	12,000	21,541	12,000
Foundation Office	258,000	254,560	252,346	246,191	254,920	253,943	252,370
New Executive Director (3 Mos)							37,785
ED Search Costs							8,000
Travel - Fundraising							24,000
Development					50,000	18,173	67,500
Professional Fees	50,309	37,387	18,550	19,000	19,000	11,800	19,000
Miscellaneous	32,243	27,800	27,607	25,000	30,200	29,934	30,200
Total Foundation Operations	348,628	327,563	311,064	302,191	366,120	335,391	450,855
Total Operating Expense	1,229,443	1,226,679	1,123,326	1,124,691	1,266,620	1,222,997	1,281,355
Operating Surplus/(Deficit)	\$ 20,020	\$ (122,317)	\$ (100,204)	\$ (77,585)	\$ (166,483)	\$ (162,435)	(\$195,569)

Endowment Gifts

AUDIT COMMITTEE

The function of the Audit Committee is to provide oversight of the integrity of the Foundation's financial statements, determine the qualifications and independence of the Foundation's auditor, the performance of the Foundation's accounting service and independent auditor, and the Foundation's compliance with legal and regulatory requirements. The Audit Committee recommends the appointment of an auditor and accepts its report.

The Audit Committee met once in 2012. During those meetings we reviewed the 2011 audit as prepared by MacDonald Page.

MacDonald Page visited the University of Maine Pulp & Paper Foundation offices on 1/20/13 and thoroughly reviewed our systems, methodology, record keeping, and checks and balances. We continue to be impressed with the thoroughness of MacDonald Page's review.

During 2012 the major change was the transfer of liquid funds consisting of equities and bonds from Commonfund to Vanguard. No problems were encountered with this transfer.

The audit committee met on March 19th, 2013 to review both the 2012 financial statements, as well as the 2012 audit report as prepared by our Auditors, Macdonald Page. No material weaknesses were noted.

We are in full agreement with the auditors report, and are confident that our financial processes effectively ensure that our financial reporting is accurate, and that our finances are managed with integrity.

A copy of the Audit Report is available at the Foundation Office upon request.

Bill Igoe, Chair

MEMBERSHIP COMMITTEE

The primary function of the Membership Committee is to solicit financial support from paper producer companies and supplier companies in the Maine pulp and paper industry who recognize and appreciate the mutual benefits of supporting the Foundation and the forest products industry. The Foundation develops and prepares the highest quality engineering students to work for companies in the pulp and paper industry. Company membership in the Foundation provides the following:

- Full tuition scholarships for high achieving undergraduate students.
- Access to a pool of quality engineering graduates with experience who want to work in the paper industry.
- Process Development Center (PDC) pilot plant capabilities used by industry clients for process and product development.
- Networking opportunities.
- Information on key paper industry issues.
- “Dandy Scroll” Foundation newsletters.
- Paper mill luncheon and tour events.
- PAPER DAYS annual open house conference.
- Cost effective Company recognition, access and visibility.

In 2012, our activities included:

- Company Members mill luncheon and tour on June 21st at the Verso Paper Androscoggin Mill hosted by Mill Manager Marc Connor and Purchasing Manager Jef Howell.
- Membership Committee meeting on August 23rd at the Verso Paper Androscoggin Mill hosted by Jef Howell.

The Foundation also welcomed the following NEW Company Members:

- Dalegip America Inc.
- Pan Am Railways
- Penford Products
- Woodland Pulp LLC

In these challenging economic times, we appreciate and need the support of our Company Members to support the Foundation activities and scholarships.

I would like to thank all the Membership Committee members who generously volunteered their time.

John Wolanski, Chair

GIFTS AND BEQUESTS COMMITTEE

The Gifts and Bequests Committee encourages contributions to the Foundation that support scholarships for students planning a career in the pulp and paper and related industries, and that help strengthen the University of Maine College of Engineering programs.

In 2012 the Foundation received a new scholarship in honor of the 80th birthday of Winship B. “Chip” Moody, Sr., class of 1955. The Moody scholarship brings the total of Named Scholarships in the Foundation’s Endowment Funds to 225. The Foundation Board and Gifts and Bequests Committee are profoundly grateful to the Moody family and friends for their gift. Many other gifts were received during 2012, for a total of \$55,777 in Named Scholarship Funds, \$13,014 in USA Scholarship Funds, and \$5,200 in gifts to increase endowments, for a total of \$73,991.

The value of each endowment is reported separately in this annual report noting the value of the original gift. Since 1980 the Foundation has accounted for each endowment fund separately showing the value of the original gift and the market value of the fund for the last two years.

2013 marks a significant step in the fundraising life of the Foundation. The Foundation has embarked on a fundraising campaign, for the first time in many years, to further strengthen its endowment and support additional scholarship funding for students. The campaign seeks to raise \$2 million in additional scholarship funds over the next five years. A new Development committee comprised of Foundation board members and alumni has been convened to guide the initiative. Active fundraising in support of the campaign begins in earnest this spring. Reaction to the campaign has been overwhelmingly positive, and the Board anticipates that past Foundation donors who have truly made a difference for UMaine students over the years will step forward to support the initiative, and that new donors will do likewise.

The Foundation is deeply grateful for the support of its many donors since its inception in 1950. Nationally, the Maine Pulp and Paper Foundation is the gold standard for foundations that support students planning careers in the industry. We welcome gifts in celebration of a fruitful career and in honoring significant people in the lives of donors. More information about making gifts to the Foundation and the campaign is available from Jack Healy, Executive Director, and Michael Higgins, Senior Development Officer, at the Foundation office in Orono.

Keith Meyer, Co-Chair

Michael Higgins, Co-Chair

The department had its ABET review in the fall of 2012. The official accreditation letter is expected shortly.

Jeffrey A. Hamilton, Chair

UNIVERSITY SUPPORT COMMITTEE

The function of the University Support Committee is twofold. The Committee acts as a liaison for the Pulp & Paper Foundation to the Chemical & Biological Engineering Department with the objective of providing industrial perspective, guidance and support (both monetary and non-monetary) in areas of importance to the Department's chair and faculty ensuring that their activities are well connected to the future of the pulp & paper and related industries. Secondly, the Committee also serves as the Industrial Advisory Board (IAB) to the Chemical and Biological Engineering Department as required by the Accreditation Board for Engineering and Technology (ABET). Whereas the first function is clearly directed to current interests of Foundation member companies, the second tends to be more global and academically focused as accreditation is based on how well students are prepared for all of the industries and other organizations by which they may become employed. The Committee met once in 2012 for a very full day.

We were pleased to review and comment on the strategic plan as proposed by the Strategic Planning Group. We also reviewed the ever growing Bioengineering Program. The Bioengineering Program now has its own advisory group. We will now have more time to focus on ChemEs; however we plan to meet each year with the new Bioengineering Group to assure we remain coordinated. In addition we reviewed the University's plan to limit degrees to 121 credit hours. We supported the ChemE Department's desire to maintain 130 credit hours w/o co-op credits to graduate with a degree in Chemical Engineering.

The committee has supported and recognized the faculty of the Chemical and Biological Engineering department as appropriate, by reviewing and recommending support for Foundation recognized professors. The Pulp & Paper Foundation, upon our recommendation and with approval of the Executive Committee, will again support Dr. Joe Genco, the Calder Professor, and Dr. Doug Bousfield, the UMaine Pulp & Paper Foundation Professor. The committee has also continued to support the University through faculty and staff recognition building on the 2010 success of the establishment of the Genco Award. After awarding the first Genco Award to Dr. Joe Genco in 2010, the second Genco Award to Dr. Doug Bousfield in 2011, and the third to Dr. Hemant Pendse in 2012, two Genco Awards will be presented at Paper Days in 2013.

Regarding the accreditation process support, the activity continues to be high at each meeting and always informative. We interviewed 16 students regarding ethics and lifelong learning, by providing situational examples and asking how the students would respond. We found that ethical awareness was high, however lifelong learning needs more focus.



UMaine Pulp & Paper Foundation President, John Wolanski (standing, center) welcomes scholarship recipients back to UMaine at the Foundation's fall scholarship banquet.

SCHOLARSHIP/EDUCATIONAL RELATIONS

The primary role of the Scholarship Committee is to award scholarships, grants, and loans to qualified students. The role of the Educational Relations Committee is to interact with teachers to promote the Foundation's programs, helping them to encourage their students to utilize our programs and consider a career in the Pulp and Paper Industry. We are grateful that so many are willing to donate their time to ensure that we are selecting the right students to serve this industry.

During Paper Days 2012, we awarded Teacher of the Year awards to Dick Balentine of Hampden Academy and Mark Nadeau, (formerly Madawaska High School) of Old Orchard Beach High School. Both teachers were very appreciative of the recognition. We plan to award the Teacher of the Year award to two teachers again in 2013.

In the spring of 2012, the committee interviewed 11 students for upper-class scholarships. Due to the large number of very qualified applicants, the committee decided to put five students in a hold category, in anticipation of scholarship positions becoming open. By year end, we had offered scholarships to all five students.

Our Consider Engineering summer program continues to thrive, with 182 high school students applying for 102 slots in 2012. Feedback continues to be positive, with many students saying that the program needs to be longer. We actively market this program with flyers and posters at almost all Maine high schools as well as on our website.

In September, we held our Scholarship Banquet, where students gather for dinner, discussion, and presentation of fall scholarship checks. We were very pleased to have UMaine Pulp & Paper Foundation President, John Wolanski, speak to our students. Fourteen co-op employers attended to deliver scholarship checks to their co-op employees.

Our application rate has stabilized over the past several years at approximately 80 applicants for 20 - 24 scholarship awards. This year, we received 72 applications and we interviewed 48 students via SKYPE. We have since made 24 scholarship offers, and have one student in reserve, pending acceptance.

We are fortunate to have terrific students - and we are very pleased to have invested \$742,000 in them in 2012. We are delighted that the Executive Committee has approved \$700,000 in scholarship awards for 2013.

In 2012, our committee worked diligently to develop a new scholarship policy that will allow us to continue to attract bright, motivated, and interested students with outstanding

leadership and communication skills, while reducing our overall cost. Both our committee and the Executive Committee approved going forward: 4 full tuition scholarships for first-year students, 16 scholarships for first-year students at \$7,000/year (approximately 80% of current tuition), and new upper-class scholarships at \$2,000/year. We believe that this mix will reduce our spend over the next four years to \$600,000, simplify Foundation office work, increase the number of scholarship recipients, protect us from tuition increases, and continue to bring us exceptional students.

Jason Lyons, Chair



Participants in the 2012 Consider Engineering program are shown inspecting "their paper" as part of a papermaking competition.

PUBLIC INFORMATION COMMITTEE

The responsibility of the Public Information Committee is communicating a strong, positive message about the University of Maine Pulp & Paper Foundation and publicizing the programs we offer to our students, corporate members, and Foundation friends.

Over the past year considerable time has been spent updating mailing and emailing lists so that we can easily get pertinent information quickly into the hands of Foundation company members, alumni, friends and perspective students. We can now offer immediate service, via the internet and email, to those seeking program brochures, scholarship applications, Consider Engineering applications and other Foundation materials.

The Foundation's website, www.maineulpaper.org is updated on a regular basis. We now have the ability to accept individual contributions from Foundation alumni, friends and company members via our secure connection. We have also updated our Candidates for Placement section to include pictures and resumes of all scholarship recipients allowing access to all Foundation company members. Our Student Resources area has been expanded to include the biographical information associated with each of our named scholarships. This information is used by scholarship recipients so they are able to personalize their thank you letters when writing to the donors of their scholarships. We have also added copies of the presentations made at our Chinn Management Seminars offering students who could not attend a seminar the ability to view the presentation.

Our newsletter, "The Dandy Scroll" continues to be published and distributed twice per year. We also feature current and past newsletters on our website.

As of the writing of this report we are working closely with our new partners in the University of Maine Development Office to merge our database with their database making it easier for all of us to be in contact with alumni and friends. It is our hope to have this completed by summer.

Louis J. Boos, Chair

OPEN HOUSE COMMITTEE

Paper Days/Open House 2012 proved to be one of the largest ever held with more than 330 industry representatives, UMaine alumni, faculty and students in attendance. Paper Days is an annual event sponsored jointly by the UMaine Pulp & Paper Foundation, the Maine Pulp & Paper Association and Northeast TAPPI/PIMA. The theme for Paper Days 2012 was "The Paper Industry – A Global Perspective".

Our program opened with luncheon speaker, Deece Hannigan, Vice President – Fiber Resources, Sappi North America's overview of Sappi while explaining that Sappi is a diversified worldwide company with production facilities focused in South Africa, Europe and the U.S. Our afternoon session included Forest Economics Advisor's President Brendan Lowney who provided a dynamic macro view of the economy and its relationship to the forest products industry. The keynote banquet address was presented by Mark Cross, Senior Vice President, MeadWestvaco Corporation. Mark's message to our audience focused on opportunity knocking at any moment. Mark addressed students in the audience telling them we need leaders who can operate in a volatile, uncertain and complex ambiguous environment. Mark went on to say he has had a differentiated career based on global experiences – for the graduating engineer he said, "You will be required to have a global perspective." The presentation concluded with a video produced for Mark's presentation titled, "Our Time Right Now", which built on the theme of seizing opportunity.

The Thursday morning breakfast and panel, featuring Pulp & Paper Foundation scholarship recipients, continues to be a highlight of Paper Days. The theme was "The Paper Industry – A Global Perspective". Our students offered their insight and perspective of the paths and directions they envision their own careers taking. The session moderator was Michael Luciano, Human Resources Manager, Verso Paper. Paper Days concluded with our Thursday Luncheon and speaker, Terrence M. Gallagher, Senior Division Vice President, Nalco who addressed the topic of water conservation and its global impact.

New in 2012 was a "game" introduced as an ice-breaker allowing our scholarship recipients to introduce themselves to our industry guests. Industry representatives were asked to bring a supply of their business cards. Scholarship recipients were also provided business cards made for them. Students and industry guests were asked to give and get business cards from each other. Prizes were awarded to the industry representative and to the student collecting the most cards. The "game" provided an excellent opportunity for student/industry interaction and will be continued again at Paper Days 2013.

Paper Days/Open House has been held every April since 1950. It is a wonderful way to meet old friends and make new friends.

Albert B. Moore, Chair

COMMITTEE MEMBERSHIP

AUDIT COMMITTEE

William F. Igoe, Jr., Chair
David M. Colter

Cheryl Levesque
Elsa Sanborn

GIFTS AND BEQUESTS COMMITTEE

Keith A. Meyer, Chair

Michael Higgins

HONOR AWARD COMMITTEE

Donald Beaumont

INVESTMENT MANAGEMENT COMMITTEE

Ralph C. Keef, Chair
David Colter
James Crump, Jr.
Martin Grant
William F. Igoe, Jr.

Thomas F. LaHaise, III
Brian Lambert
Stanley N. Marshall, Jr.
Janelle McDermott
Elsa Sanborn

MEMBERSHIP COMMITTEE

Jef Howell, Chair
Brad Bingham
Jeff Dutton
Barbara “Gilly” Hitchcock
Mark Lenentine

Mike Luciano
Joe Lynch
Craig Martin
Mike Michaud
Bob Rourke
John Wolanski

NOMINATING COMMITTEE

Donald F. Beaumont, Chair
David Colter
Jeff Dutton

Jack Healy
Barbara Kerr Hamilton
John Wolanski

OPEN HOUSE COMMITTEE

Albert B. Moore, Chair
Proserfina Bennett
Louis J. Boos
Ron Calpaldo
Dana Dolloff

Eric Fletty
Eric Olsen
Dick Saucier
John Williams
John Wolanski

PUBLIC INFORMATION

Louis J. Boos, Chair

SCHOLARSHIP/EDUCATIONAL RELATIONS COMMITTEES

Lee Marshall, Chair
Scott Castonguay
Mike Davis
John Desjardins
Bill DeSisto
Gary P. Gagner
Barbara Hamilton
Mark Lenentine
Patty Lovejoy
Jason Lyons

Owen McCarthy
David Neivandt
Joel E. Pike
Mike Reider
Julie B. White
Robert White
Wendy White
David K. Wilson
Annette Smith Wright

STRATEGIC PLANNING COMMITTEE

Barbara Kerr Hamilton, Chair
John Wolanski, Chair
Don Beaumont
Dennis Castonguay
Dana Dolloff
John Donahue

Dana Humphrey
Cary James
Craig Martin
David Neivandt
Codi Slike
Dale Wibberly

UNIVERSITY SUPPORT COMMITTEE

Jeff Hamilton, Chair
Michael Bilodeau
Lee Bingham
Doug Bousfield
Paul Durocher
Peter Hart

Richard Malinowski
David Neivandt
Jessica Paul
Hemant Pendse
Darrell Waite

CORPORATE MEMBERS

FOUNDATION SPONSORS

Sappi Fine Paper North America
SCA Americas
Verso Paper

SCHOLARSHIP UNDERWRITERS

ABB Inc.
AMEC
Andritz Incorporated
Ashland Incorporated
Bercen Incorporated
Buckman
Central National-Gottesman Inc.
Du Pont Company
Kemira Chemicals Inc.
Lincoln Paper & Tissue
Madison Paper Industries
MeadWestvaco Corporation
Metso Paper LTD
OMNOVA Solutions Inc.
Roosevelt Paper Company
Savage Safe Handling Inc.
Styron LLC
Twin Rivers Paper Company

COMPANY MEMBERS

Asten Johnson	Huhtamaki Food Service
AxChem USA Inc.	Imerys
BASF	Kadant Inc.
Canadian National R. R.	Metso Paper USA
Cascades Auburn Fiber	Mohawk Fine Papers
Cianbro Corporation	Nalco Company
D & S Engineering Inc.	New England Controls
EcoSynthetix Inc.	Old Town Fuel & Fiber
Eka Chemicals	OMYA Inc.
The Fitch Company	Precision Roll Grinders Inc.
FMC Corporation	Procter & Gamble Inc.
GAC Chemical Corp.	Rayonier
GL&V USA, Inc.	TexPar Energy
Great Northern Paper Co.	Woodland Pulp LLC
Honeywell Process Solutions	

SPECIAL GIFT MEMBERS

D. Benedetto Inc.	Sekisui Specialty Chemicals America
N. H. Bragg & Sons	Sullivan & Merritt Constructors Inc.
Caldwell-MacKay Co. Inc.	Target Fiber
County Environmental Eng.	Tate & Lyle
Fortune Personnel Consultants	Univar USA
Heuchling Group Inc.	Voith Fabrics
Holland Company Inc.	Whitfield Russell Associates
LaCasse & Weston Inc.	Woodard & Curran
Monson Companies Inc.	
Nordic Engineering Inc.	
Process Products Northwest	

CODE OF ETHICS

Statement of Values

The Board of Directors (the Board) of the University of Maine Pulp and Paper Foundation (the Foundation) adheres to the highest ethical standards to demonstrate its commitment to the core values of integrity, honesty, fairness, openness, respect, and responsibility. The Board embraces these core values:

- Commitment to the public good;
- Accountability to the public;
- Commitment beyond the law;
- Respect for the worth and dignity of individuals;
- Inclusiveness and social justice;
- Respect for pluralism and diversity;
- Transparency, integrity and honesty;
- Responsible stewardship of resources;
- Commitment to excellence and to maintaining the public trust.

Code of Ethics

A. Personal and Professional Integrity

All staff, board members and volunteers of the Foundation act with honesty, integrity and openness in all their dealings as representatives of the Foundation. The Foundation promotes a working environment that values respect, fairness and integrity.

B. Governance

The Board is responsible for setting the strategic direction of the Foundation and oversight of the finances, operations, and policies of the organization. The Board:

- Ensures that board members have the skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of the Foundation and its public purposes;
- Maintains a conflict of interest policy that ensures any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal or other means;
- Is responsible for the hiring, firing, and review of the performance of the Executive Director of the Foundation, and ensures that the compensation of the Executive Director is reasonable and appropriate;

- Ensures that the Executive Director and appropriate staff provide the Board with timely and comprehensive information so that the Board can effectively carry out its duties;
- Ensures that the Foundation conducts all transactions and dealings with integrity and honesty;
- Ensures that the Foundation promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness and openness;
- Ensures that the Foundation is fair and inclusive in its hiring and promotion policies and practices for all board, staff and volunteer positions;
- Ensures that policies of the Foundation are in writing, clearly articulated and officially adopted;
- Ensures that the resources of the Foundation are responsibly and prudently managed.

C. Legal Compliance

The Foundation complies with all local, state, and federal laws and regulations.

D. Responsible Stewardship

The Foundation responsibly and prudently manages the endowment fund including:

- Ensuring reasonable expenses in pursuit of its purposes;
- Ensuring reasonable and appropriate compensation for staff members and any others that may receive compensation;
- Ensuring that all financial reports are factually accurate and complete in all material respects.

E. Disclosure

The Foundation provides comprehensive and timely information to the public and all stakeholders and is responsible in a timely manner to reasonable requests for information. All information about the Foundation will fully and honestly reflect the policies and practices of the Foundation. All financial, organizational, and program reports will be complete and accurate in all material respects.

2012 Honor Award



Ralph C. Keef

Ralph attended the University of Maine where he received his B.S. in Chemical Engineering, a Certificate in Pulp and Paper Management and in 1958, an M.S. in Pulp and Paper Technology. He began his career in Ketchikan, Alaska with the Alaska Lumber and Pulp Company. In 1961 Ralph joined the St. Croix Paper Company in Woodland, ME and then, as a result of a merger, was employed by Georgia Pacific. In 1967 Ralph joined Great Northern Paper in Millinocket and in 1973 became the Resident Manager and Chairman of the Executive Committee of Nova Scotia Forest Industries in Port Hawkesbury, Nova Scotia, a mill complex owned by the Swedish company Stora Kopparburg. He later transferred to their paper mill in New Falls, NY as Vice President where he stayed until retiring in 1987. The 2012 Honor Award recipient has served as a member of the Pulp & Paper Foundation's Investment Management Committee becoming its Chair in 2001.

THE UNIVERSITY OF MAINE PULP & PAPER FOUNDATION ANNUAL REPORT 2012

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*This Annual Report was printed using Sappi Flo Coated Gloss
80# Cover and Sappi Flo Coated Gloss 80# Text.*



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Cover Photograph - Strategic Planning Committee members pose for a picture in the Planetarium at Bangor High School following their meeting. Pictured (front row) David Neivandt, UMaine Chemical and Bioengineering. Back row from left to right: Dana Dolloff, Rayonier (retired); Dana Humphrey, University of Maine, College of Engineering; Dale Wibberly, Sappi Fine Paper; Codi Slike, Verso Paper; Cary James, Bangor High School; Barbara Hamilton, Emerson Process Control; Craig Martin, Styron and John Wolanski, GAC Chemical. Photo by Jack Healy.